

Message Text

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21 S

ACTION EA-14

INFO OCT-01 NEA-14 ISO-00 EUR-25 CIAE-00 DODE-00 PM-07

H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 OMB-01 AID-20 IGA-02 AEC-11

CEA-02 CIEP-03 COME-00 EB-11 FPC-01 INT-08 SAM-01

SCI-06 STR-08 TRSE-00 FRB-03 FEA-02 SAB-01 DRC-01

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R 130910Z AUG 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3894

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: EAID, JA, IZ, ENRG

SUBJECT: JAPAN TO SIGN ECONOMIC ASSISTANCE PACT WITH IRAQ

REF: TOKYO 10473

1. ACCORDING TO NEWS REPORTS, CONFIRMED BY MITI SOURCES
MITI MINISTER NAKASONE AND IRAQ MINISTER FOR ECONOMICS
HIKMAT AL-AZZAWI WILL SIGN AGREEMENT AUGUST 16 UNDER WHICH
JAPAN WILL LEND IRAQ ONE BILLION DOLLARS FOR ECONOMIC
DEVELOPMENT, IN RETURN FOR NINETY MILLION TONS CRUDE OIL
AND SEVENTY MILLION TONS OTHER PETROLEUM PRODUCTS OVER TEN
YEAR PERIOD. JAPAN WILL ALSO PROVIDE TECHNICAL ASSISTANCE
FOR SIX PROJECTS IN OIL REFINING, LIQUIFIED NATURAL GAS,
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PETROCHEMICAL, FERTILIZER, CEMENT, AND ALUMINUM AREAS

RESPECTIVELY IN CONFORMITY TO IRAQ'S FIVE YEAR ECONOMIC PLAN.

2. AGREEMENT ALSO PROVIDES FOR CABINET LEVEL JOINT COMMITTEE TO MEET ONCE A YEAR TO OVERSEE IMPLEMENTATION OF AGREEMENT, AN ECONOMIC COOPERATION COMMITTEE DRAWN FROM PRIVATE ENTERPRISE, AND A FRIENDSHIP ASSOCIATION TO PROMOTE CULTURAL EXCHANGE.

3. JAPANESE NEGOTIATING TEAM WILL VISIT IRAQ LATER THIS MONTH OR EARLY SEPTEMBER TO REACH AGREEMENT ON KEY QUESTION OF PRICE OF CRUDE (REFTEL).

4. COMMENT: SIGNING OF ECONOMIC ASSISTANCE AGREEMENT IS FOLLOW-UP TO NAKASONE VISIT TO IRAQ LAST JANUARY WHEN HE INITIALLED DRAFT OUTLINE. SUBSEQUENT TALKS FOUNDERED ON PRICE QUESTION WITH JAPAN OFFERING NO MORE THAN 90 PERCENT OF POSTED PRICE, WHILE IRAQ SOUGHT 93 PERCENT. ALTHOUGH PLANNING DIRECTOR OZU OF MITI RESOURCES AND ENERGY AGENCY ASSERTS JAPAN WILL SEEK A PRICE LESS THAN 93 PERCENT OF POSTED PRICE, PRESS SPECULATES THAT JAPAN NOW WILLING TO ACCEPT IRAQI DEMAND. ALTHOUGH IT WILL SUPPLY AT ITS PEAK LESS THAN FOUR PERCENT OF JAPAN'S OIL NEEDS, IF JAPAN-IRAQ DEAL GOES THROUGH, IT WILL BE JAPAN'S FIRST DIRECT GOVERNMENT TO GOVERNMENT OIL AGREEMENT.
HODGSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, TECHNICAL ASSISTANCE, AGREEMENTS, LOANS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO10512
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740221-0765
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740850/aaaabquw.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: TOKYO 10473
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUN 2002 by boyleja>; APPROVED <27 FEB 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPAN TO SIGN ECONOMIC ASSISTANCE PACT WITH IRAQ
TAGS: EAID, ENRG, JA, IZ
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005